



Garry Moore
Mayor of Christchurch



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Chief Executive

Annual Plan 2005/06 Summary

This year the Christchurch City Council has decided to produce a summary that enables the reader to grasp the essence of the 2005/06 Annual Plan.

The 2005/06 Annual Plan is very much in line with what Council outlined in its 2004-14 Long Term Council Community Plan. It maintains the promised levels of service and agreed work programmes, and within the rate adjustment predicted in the long-term plan.

The activities of the Council, listed in the operating summary, are our contribution to the community outcomes for Christchurch which are outlined at the end of the summary.

As this is an Annual Plan, we are only reporting on the year in question. We are not required to produce details of future years – this is the task for next year when we develop our next long-term plan.

Copies of the Council's 2005/06 Annual Plan will be available from Council service centres and libraries and on the Council's website at www.ccc.govt.nz/Ltccp/AnnualPlan/ from the end of July 2005.

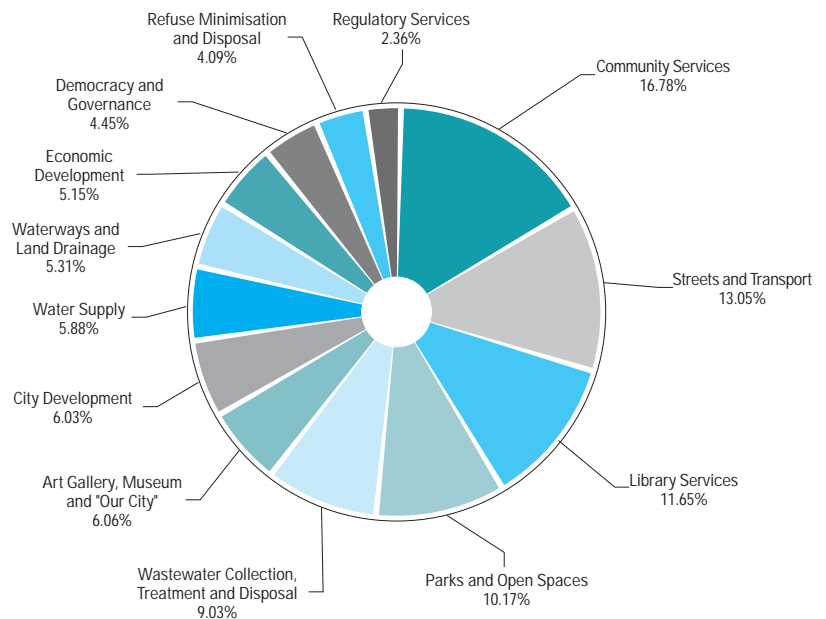
If you would like to look at the 2004-14 long-term plan, it's on the Council's website at www.ccc.govt.nz/Ltccp/CurrentPlan.asp

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Where does your rate dollar go?

Rates are the main revenue source for Council activities. The following chart shows which activities and services the rates will be allocated to.



The Impact of the Annual Plan on Rates

The total rate requirement for 2005/06 is \$174.21m. This is an increase of 3.49 per cent over last year, after allowing for the provision of services to new ratepayers. The percentage increase is lower than that forecasted in the long-term plan.

The types of the rates (eg general, targeted) and their impact on properties is described in detail in the Funding Impact Statement in the Annual Plan.

The effect on an individual property varies according to its rate sector (residential, business or rural) and its capital value.

A complicating feature this year is the revaluation of all properties in the city. The result of the revaluation applies to rates from the beginning of the 2005/06 rating year. Rates are predominantly assessed by capital values. The revaluation caused a redistribution of rates between the sectors and individual properties because some property values increased more than others. The average increase in capital value was 50 per cent.

Residential properties

The effect of the changes can be seen by looking at an average residential property:

Capital value for the average residential property	\$259,948
Rates for 2005/06	\$1,080
Rates for 2004/05 on this property	\$1,038
(assuming a 50% increase in capital value)	

Increase due to revaluation changes only - \$5 to	\$1,043
Increase due to rates increase - \$37 or 3.56% to	\$1,080

As a further example, rates on a residence that was valued at \$300,000 was \$1,713 in 2004/05 and will be \$1,785 in 2005/06, if valued at \$450,000 - assuming a 50 per cent increase in value - an increase of 3.76 per cent.

Business properties

For the business sector the changes have produced a different result. The rates for individual business properties may not have increased to the same extent as for residential or rural properties. The business sector share of the rates has fallen because of:

- a lower revaluation increase in capital values and
- budget changes, especially in roading which is the main factor in determining business rates.

Assuming the standard 50 per cent increase in property values, the rates increase for business is generally between 1.30 and 2 per cent.

Rural properties

For the rural sector the rates increase is likely to be higher than the residential sector because of the significant capital value increases: generally up to 100 per cent, not the average 50 per cent.

The following table of sample capital values shows the general rates payable. Ratepayers can compare the City Council rates assessed for 2004/05 on their property with these figures.

The rural rates figures assume the properties are outside the serviced area and do not pay targeted rates ie rates for water, sewage disposal and land drainage.

Christchurch City Council Rates Payable (GST inclusive) – 2005/06

Capital Values	Residential \$	Business \$	Rural (excluding targeted rates) \$
80,000	412		
100,000	486	605	305
200,000	857	1,095	496
300,000	1,228	1,584	686
400,000	1,600	2,074	877
500,000	1,971	2,564	1,067
600,000	2,342	3,054	1,257

The rates assessments for each property are posted out mid to late July - depending on the location.

Financial Summary

	2005/06 Plan \$M	2005/06 LTCCP \$M
OPERATING SUMMARY		
Operating Expenditure	242.62	248.19
Depreciation	67.70	68.72
Interest Expense	5.91	6.47
Total Operating Expenditure	316.23	323.37
Ordinary Revenues	(82.38)	(93.06)
Grants and Subsidies	(23.14)	(21.01)
Interest and Dividends from CCHL ¹	(30.00)	(29.50)
Interest Received	(18.82)	(16.29)
Rates	(174.21)	(172.72)
Operating Surplus/Contribution to Capital Projects	(12.31)	(9.21)
Percentage Rate Increase	3.49%	3.53%
CAPITAL FUNDING SUMMARY		
Capital Expenditure	163.50	125.01
Provision for Debt Repayment	4.70	4.69
Total Capital Cost	168.20	129.70
Funded by :		
Depreciation and Surplus (Deficit) on Operations	(72.23)	(68.15)
Capital Repayment/Sale of Assets in Total	(4.41)	(5.81)
Funded from Debt Repayment Reserve	(78.90)	(47.57)
Reserves	(10.51)	(7.16)
External Funding for Capital Projects	(0.55)	(0.55)
Borrowing Required for the Annual Programme	1.60	0.45
KEY ASSETS / LIABILITIES of Christchurch City Council		
Gross Debt	97.12	97.44
less Sinking Funds and Debt Repayment Reserves	(32.63)	(38.66)
Term Debt	64.49	58.78
Less Reserve Funds	(153.30)	(147.83)
Net Debt	(88.80)	(89.05)
Total Assets (CCC and CCHL ¹)	4,816.76	4,508.36
Realisable Assets (CCC and CCHL ¹)	2,262.21	2,170.88
Net Debt (CCC and CCHL)	14.62	14.42

Note 1: CCHL - Christchurch City Holdings Limited



Operating Summary

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		
Art Gallery, Museum and "Our City"	13,968	13,775
City Development	14,133	12,812
Community Services	58,211	52,618
Democracy and Governance	9,552	11,071
Economic Development	11,228	10,483
Library Services	27,267	26,811
Parks and Open Spaces	27,549	26,841
Refuse Minimisation and Disposal	14,023	29,066
Regulatory Services	16,699	16,023
Wastewater Collection, Treatment and Disposal	25,029	25,460
Streets and Transport	62,543	63,506
Water Supply	16,424	15,461
Waterways and Land Drainage	11,982	11,276
Provision for Inflation		2,493
Internal Service Providers	1,589	(272)
	310,198	317,425
Other Expenditure		
Corporate/Sundry Expenditure	6,035	5,948
Total Expenditure	316,233	323,372
Revenue		
Art Gallery, Museum and "Our City"	(964)	(1,124)
City Development	(1,189)	(1,154)
Community Services	(22,174)	(21,971)
Democracy and Governance	-	-
Economic Development	(173)	(173)
Library Services	(2,245)	(2,102)
Parks and Open Spaces	(5,714)	(5,042)
Refuse Minimisation and Disposal	(5,235)	(20,764)
Regulatory Services	(11,625)	(10,257)
Wastewater Collection, Treatment and Disposal	(5,644)	(5,100)
Streets and Transport	(34,514)	(32,547)
Water Supply	(3,797)	(3,400)
Waterways and Land Drainage	(588)	(587)
Internal Service Providers	(1,589)	272
	(95,451)	(103,949)
Other Revenues		
Rates ¹	(175,409)	(173,920)
Dividends	(30,114)	(29,680)
Other Income	(27,570)	(25,030)
Total Revenue	(328,544)	(332,579)
Operating Surplus	(12,310)	(9,207)

Note 1: Rates figure includes \$1.2m rates penalties and is net of GST



Capital Funding Summary

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Group of Activities		
Art Gallery, Museum and "Our City"	2,513	2,513
City Development	400	400
Community Services	10,645	8,457
Democracy and Governance	-	-
Economic Development	847	547
Library Services	9,690	9,690
Parks and Open Spaces	7,747	7,241
Refuse Minimisation and Disposal	5,598	4,891
Regulatory Services	64	64
Wastewater Collection, Treatment and Disposal	24,786	14,307
Streets and Transport	45,036	40,469
Water Supply	6,256	5,780
Waterways and Land Drainage	8,726	7,319
Corporate	41,192	20,974
Provision for Inflation	-	2,358
Capital Programme	163,497	125,007
Provision for Debt Repayment	4,701	4,688
Total Capital Cost	168,199	129,695
Funding Sources		
Depreciation and Surplus (Deficit) on Operations	72,227	68,154
Capital Repayment/Sale of Assets in Total	4,412	5,812
Reserves	89,410	54,729
External Funding for Capital Projects	550	550
Borrowing Required for the Annual Programme	1,600	450
Total Funding Sources	168,199	129,695



Changes between the Annual Plan and the 2004-14 Long Term Community Plan

Operating Summary

Operating expenditure was reduced by \$5.6m. The main change was the reduction of \$15.2m in operating costs by transferring the refuse station operation to the Recovered Materials Foundation. This reduction was offset by an additional \$4.0m of inflationary cost above what was budgeted, reflecting that many Council costs are related to construction. The construction index increased 7.79 per cent in the 12 months to September 2004.

The budget for social housing was increased by \$2.6m because of an expanded maintenance programme in line with the Council's Asset Management Plan. This has no impact on rates.

In addition there is \$0.9m in economic development, being monies not spent last year, and \$1m in operating costs for the new Upper Riccarton and Parklands libraries.

Ordinary revenue showed a net reduction of \$10.7m. The transfer of the refuse station operation reduced income by \$15.5m (see reduction in operating costs above).

Offsetting this was an additional \$2.0m of financial contributions, \$1.6m of environmental services fees and \$0.6m cash in lieu of reserves (money paid by developers to provide parks and open space if they are not being provided in the development). Grants and subsidies increased by \$2.1m, largely due to a \$1.7m increase in the Land Transport NZ subsidy. Interest received rose by \$2.5m due to an increase in interest rates on investments and the cash balance being higher than in the Long Term Community Plan as a result of a backlog in capital works not yet completed.

Capital Programme

The capital programme was increased by \$38.5m mainly due to \$25.0m of capital works carried forward from 2004/5. Also, there was a \$2.0m increase in the housing programme. There is no impact on rates from either of these increases.

Other changes include the deferral of a putrescible processing plant to 2006/07 and 2007/08, (\$3.0m) and the addition of \$3.0m for the landfill gas to QEII project. The increase in the construction index placed considerable pressure on capital budgets which were developed in October/ November 2003 as part of the 2004-14 Long Term Community Plan. As a result, construction costs, for various projects including the ocean outfall, have been increased by \$8.3m.

The Council has also resolved to review the flatwater facility project. The expenditure for such a project is programmed beyond this year. The \$600,000 in the 2005/06 budget for the flatwater facility will be used for capital improvements to the existing flatwater facility at Kerrs Reach.

The Council at its meeting on 17 March 2005 approved the provision of \$3.0m in 2005/06 for the purchase of land at Aidanfield. There is no impact on rates as \$1.5m was to come from the existing capital budgets and the balance from cash in lieu of reserves.



The Community Outcomes for Christchurch 2005/06 are:

Sustainable Christchurch	
	Challenges and Opportunities
A sustainable natural environment	<ul style="list-style-type: none"> Reducing what we extract from the earth's crust (fossil fuels and minerals) Waste minimisation Protection of the natural environment Growing motor vehicle population
A learning city	<ul style="list-style-type: none"> Increase educational achievement for all Ensure a skilled and flexible workforce Encourage lifelong learning Foster research, innovation and technology
A prosperous city	<ul style="list-style-type: none"> Increase wealth creation Increase number and range of quality jobs Maintain and develop essential infrastructure Reduce economic exclusion
A well governed city	<ul style="list-style-type: none"> Develop leadership Improve consultation and participation Encourage civic responsibility Strengthen treaty relationship Improve stewardship Build collaborative agencies Develop triple bottom line reporting

A City...	
	Challenges and Opportunities
Of inclusive and diverse communities, with a strong sense of place and identity	<ul style="list-style-type: none"> Ensure a vibrant voluntary sector Strengthen communities and neighbourhoods Maintain and build a sense of identity and place Reduce social inequalities
Of healthy and active people	<ul style="list-style-type: none"> Increase healthy lifestyles Ensure we have healthy homes Improve environmental health Reduce health inequalities Improve mental well-being Ensure effective health services
Which is safe	<ul style="list-style-type: none"> Improve road safety Reduce crime Ensure safe neighbourhoods and children, young people and families
Which is cultural and fun	<ul style="list-style-type: none"> Increase participation in arts and cultural activities Encourage sense of identity through arts and leisure activities Develop our arts and cultural infrastructure Develop our sports and leisure infrastructure
Which is liveable	<ul style="list-style-type: none"> Ensure appropriate and affordable housing Develop liveable neighbourhoods Ensure an effective transport system

An analysis of the outcomes and details of the activities the Council will undertake can be found in Volume 2 of the 2004-14 Long Term Community Plan. The Community Outcomes have been reviewed for 2006-12.